

CIP EXPENSE DETAIL

DATE OF COUNCIL CONSIDERATION:
CONTACT DEPARTMENT(S):

12/6/12
Austin Water Utility

SUBJECT. Authorize additional contract authority in the amount of \$13,500,000 plus \$2,000,000 owner contingency, for a total contract amount not to exceed \$374,500,000 for all remaining construction phase services in the Construction Manager at Risk Agreement with MWH CONSTRUCTORS, INC. for Water Treatment Plant No. 4.

IMPACT ON CONTRACT:

Department:	Austin Water Utility
Project Name:	Water Treatment Plant No. 4
Fund/Department/Unit:	Multiple FDUs
Funding Source:	Commercial Paper
 Current Contract:	 359,000,000.00
Amount of This Action:	(15,500,000.00)
Revised Contract:	<u>374,500,000.00</u>

ANALYSIS / ADDITIONAL INFORMATION: Nineteen subcontractor work packages are underway at Water Treatment Plant No. 4, two of which are substantially complete. Current construction activity includes the raw water intake and tunnels, raw water pump station, upflow clarifiers and clearwells, washwater handling facilities and pump station, plant-wide electrical improvements, yard piping and SCADA, and the Jollyville Transmission Main Tunnel. All work packages are progressing on schedule and substantial completion is expected in May 2014.

The project team recently undertook a comprehensive review of the project to identify and analyze potential cost savings alternatives. This analysis resulted in an estimated \$12.1M in savings. These cost reduction measures include: 1) redesign of the Medium Service Pump Station to eliminate three finished water pumps and scale back the facility to support only those systems necessary for the 50 MGD treatment plant; 2) removal of a redundant raw water pump station electrical duct bank from the Bullick Hollow Road ductbank system; 3) transfer of responsibility for constructing site security from MWH Constructors to Austin Water Utility; and 4) release of project allowances which are no longer needed. While substantial, these cost reductions are not sufficient to keep the construction cost below the current \$359M authorization. Some valuable investments that were not included in the original project budget have contributed to the cost increase. These key investments include measures to minimize community disruptions and ensure that the project is protective of the environment.

The current amount of the Construction Manager at Risk Agreement with MWH Constructors is \$354,011,488, which includes Preconstruction Phase Services, 19 construction work packages (including contingencies and allowances), and change orders to date. When considering the above-referenced cost reductions, the estimated peak authorization required to execute the remaining work packages is \$372.5M. An additional \$2M in owner contingency is also requested to cover unforeseen conditions as construction progresses. The project team expects the final contract amount to be lower than the \$374.5M authorization amount as construction packages complete and contracted contingencies are released. The final contract amount is estimated to be within the range of 2 – 3% higher than the currently authorized amount of \$359M.